

GREG RELL Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER

Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA Division Director

| Penresentativ | es Present During the Inspection: | |
|---------------|-----------------------------------|--|
| | Guy Davis | |
| OGM | Pete Hess | |

Inspection Report

| Permit Number: | C0150009 | | |
|------------------|------------------------------|--|--|
| Inspection Type: | COMPLETE | | |
| Inspection Date: | Thursday, March 10, 2011 | | |
| Start Date/Time: | 3/10/2011 10:45:00 AM | | |
| End Date/Time: | 3/10/2011 11:30:00 AM | | |
| Last Inspection: | Wednesday, December 08, 2010 | | |

Inspector: Pete Hess,

Weather: Clear and warm; mid 40's F. InspectionID Report Number: 2675

> Accepted by: jhelfric 3/17/2011

Permitee: ENERGY WEST MINING CO Operator: ENERGY WEST MINING CO

Site: TRAIL MOUNTAIN MINE

Address: PO BOX 310, HUNTINGTON UT 84528

County: EMERY

Permit Type: PERMANENT COAL PROGRAM

Permit Status: ACTIVE

Current Acreages

| 3,538.98 | Total Permitted | | |
|----------|-----------------|--|--|
| 10.39 | Total Disturbed | | |
| | Phase I | | |
| | Phase II | | |
| | Phase III | | |

Mineral Ownership

Other

Types of Operations ✓ Underground ✓ Federal Surface State Loadout County Processing Fee

Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Trail Mountain site remains snow covered.

The site remains in temporary cessation status.

There is no activity at the site.

RECEIVED MAR 3 0 2011

DIV. OF OIL, GAS & MINING

Inspector's Signature:

Pete Hess.

Date

Thursday, Mai

OIL. GAS & MINING

Permit Number: C0150009 Inspection Type: COMPLETE

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

- 1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
- 2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
- 3. Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.
- 4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

| | | Evaluated | Not Applicable | Comment | Enforcement |
|------|---|-----------|----------------|----------|-------------|
| 1. | Permits, Change, Transfer, Renewal, Sale | ~ | | ✓ | |
| 2. | Signs and Markers | ~ | | ✓ | |
| 3. | Topsoil | ~ | | | |
| 4.a | Hydrologic Balance: Diversions | ✓ | | | |
| 4.b | Hydrologic Balance: Sediment Ponds and Impoundments | ✓ | | ✓ | |
| 4.c | Hydrologic Balance: Other Sediment Control Measures | ~ | | | |
| 4.d | Hydrologic Balance: Water Monitoring | ✓ | | ~ | |
| 4.e | Hydrologic Balance: Effluent Limitations | ✓ | | ✓ | |
| 5. | Explosives | ✓ | ✓ | | |
| 6. | Disposal of Excess Spoil, Fills, Benches | | ✓ | | |
| 7 | Coal Mine Waste, Refuse Piles, Impoundments | ✓ | ✓ | | |
| 8. | Noncoal Waste | ✓ | | | |
| 9. | Protection of Fish, Wildlife and Related Environmental Issues | y | | | |
| 10. | Slides and Other Damage | ✓ | | ✓ | |
| 11. | Contemporaneous Reclamation | | ✓ | | |
| 12. | Backfilling And Grading | | ✓ | | |
| 13. | Revegetation | | ✓ | | |
| 14. | Subsidence Control | y | | ✓ | |
| 15. | Cessation of Operations | ✓ | | ✓ | |
| 16.8 | Roads: Construction, Maintenance, Surfacing | V | | | |
| 16.t | Roads: Drainage Controls | V | | | |
| 17. | Other Transportation Facilities | ~ | | | |
| 18. | Support Facilities, Utility Installations | ~ | | | |
| 19. | AVS Check | ✓ | | ✓ | |
| 20. | Air Quality Permit | ✓ | | | |
| 21. | Bonding and Insurance | ✓ | | ✓ | |
| 22. | Other | | | | |

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1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit remains in effect through 2015.

2. Signs and Markers

The Permittee identification signs are in place at the lower and upper end of the disturbed area on the County road. All gates are closed and locked.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Fourth Quarter 2010 impoundment inspection for the Mine site sediment pond was conducted by the Permittee's representatives on December 3, 2010. There were no hazards or weaknesses reported. There is 0.03 AF of sediment storage capacity remaining below the 60 % cleanout elevation.

4.d Hydrologic Balance: Water Monitoring

A review of the Third Quarter 2010 water monitoring data as submitted to the DOGM electronic data base was completed by Division personnel on January 6, 2011. All required parameters were reported for each monitoring site. 2011 is the next year when baseline water monitoring must be conducted.

4.e Hydrologic Balance: Effluent Limitations

Neither of the UPDES outfalls have discharged since 2001.

10. Slides and Other Damage

The spalling shotcrete from the highwall located adjacent to the fan housing motor room appears to be unchanged.

14. Subsidence Control

No mining has occurred since 2001; subsidence monitoring information is submitted as part of each Annual Report for the EnergyWest Mines.

15. Cessation of Operations

There has not been any change requested in the temporary cessation status for the Trail Mountain Mine.

19. AVS Check

No changes have been submitted for the current ownership and control information for the EnergyWest Mines.

21. Bonding and Insurance

The current general liability insurance remains in effect through August 28,2011. Coverage for damage incurred from the use of explosives is provided. Coverage amounts for general aggregate and each occurrence categories exceed the amounts required within the R645 Coal Mining Rules.